
Statement Regarding Former CIRM President's New Position on a Stem Cell Company's Board

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We learned this week that our former President, Dr. Alan Trounson, has joined the Board of Stem Cells, Inc., a company we are funding to develop a therapy for Alzheimer's disease. Because this raises concerns on a number of fronts, our President and CEO, Dr. C. Randal Mills, issued the following statement:

"CIRM was created by the people of California to help accelerate stem cell treatments to patients with unmet medical needs. Our responsibility is to them. So it is essential that we conduct these efforts with fairness and integrity.

We take even the appearance of conflicts of interest very seriously. We learned of Dr. Trounson's appointment to the Board of Stem Cells, Inc. through a press release. We understand that the appointment of CIRM's former president to the board of directors of a CIRM loan recipient creates a risk of a conflict of interest. To avoid even a potential conflict of interest, we are taking the following steps.

First, we will be sending Dr. Trounson a letter reminding him and the Chairman of the Board of Stem Cells, Inc. of the legal limitations that apply to Dr. Trounson under state law. Although it is permissible for Dr. Trounson to accept employment with a CIRM-funded company, state law prohibits him from:

- Communicating with Board members and CIRM employees on behalf of Stem Cells, Inc. for the purposes of influencing any administrative action, including the award or revocation of a grant or loan, involving Stem Cells, Inc. for one year following the termination of his employment with CIRM; and
- Assisting Stem Cells, Inc. in responding to a Request for Applications in which Dr. Trounson was involved as a CIRM employee or assisting Stem Cells Inc. with its existing loan.

Like all CIRM employees, Dr. Trounson was advised of these restrictions before he left CIRM.

Second, to avoid any violation of these laws, we have also advised Board members and CIRM employees that they must refrain from communicating with Dr. Trounson regarding any matter involving Stem Cells, Inc.

Finally, in the interests of transparency and good governance we will be conducting a full review of all CIRM activities relating to Stem Cells Inc. "

C. Randal Mills
President and CEO of CIRM

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